



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

April 7, 2005

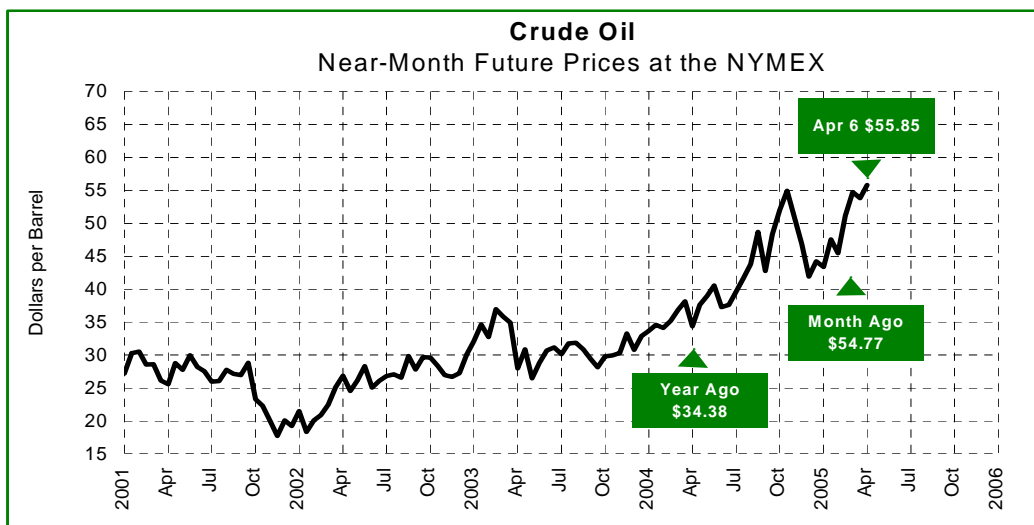
Crude Oil

On April 6, NYMEX crude oil futures settled at \$55.85, an increase of \$21.47 per barrel or 62% higher compared to this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)

	<u>04-06-05</u>	<u>03-09-05</u>	<u>change</u>	<u>04-05-04</u>	<u>change</u>
NYMEX	\$55.85	\$54.77	up 2%	\$34.38	up 62%

- NYMEX futures crude oil prices settled at \$55.85 per barrel on April 6, following a volatile trading day during which the EIA's weekly petroleum report showed commercial crude oil stocks rose for the 8th consecutive week.
- Several factors have contributed to high crude oil prices and are likely to keep prices at or near present highs. First, global petroleum demand is projected to remain high, despite high oil prices, but is likely to moderate in response to slower Chinese growth. Projections for 2005 and 2006 call for worldwide growth averaging 2.2 million barrels per day, or 2.6 percent, per year, down from the 3.4-percent growth in 2004. Second, growth in non-OPEC supplies is not expected to accommodate worldwide demand growth. Third, worldwide spare crude oil production capacity has recently diminished and is projected to remain low. Fourth, freight rates are projected to remain high in historical terms. Finally, geo-political risks, such as the continued insurgency in Iraq and political unrest in Nigeria and Venezuela, are expected to keep the uncertainty premium high.



- According to EIA's *Short-Term Energy Outlook* released today, U.S. crude prices are projected to remain above \$50 per barrel for the rest of 2005 and 2006. Oil prices are likely to be sensitive to any incremental oil market tightness. Imbalances (real or perceived) in light product markets could cause light crude oil prices to increase to levels above \$55 per barrel.

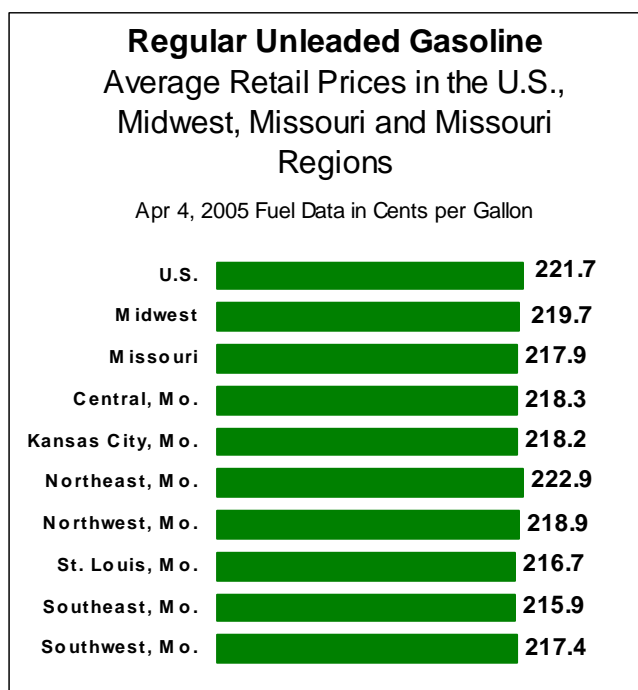
Transportation Fuels

Missouri's average retail price for regular unleaded gasoline increased \$0.25 per gallon from the previous month to reach \$2.17 per gallon on April 4, a new record high.

<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>04-04-05</u>	<u>03-07-05</u>	<u>change</u>	<u>04-05-04</u>	<u>change</u>
US	221.7	199.9	up 11%	178.0	up 25%
Missouri	217.9	192.6	up 13%	163.7	up 33%

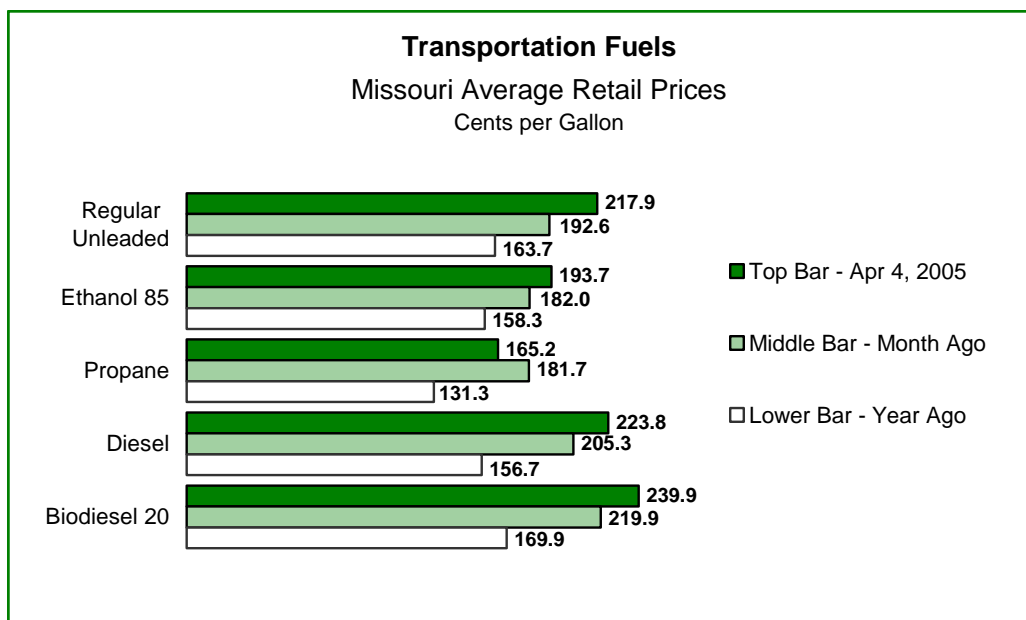
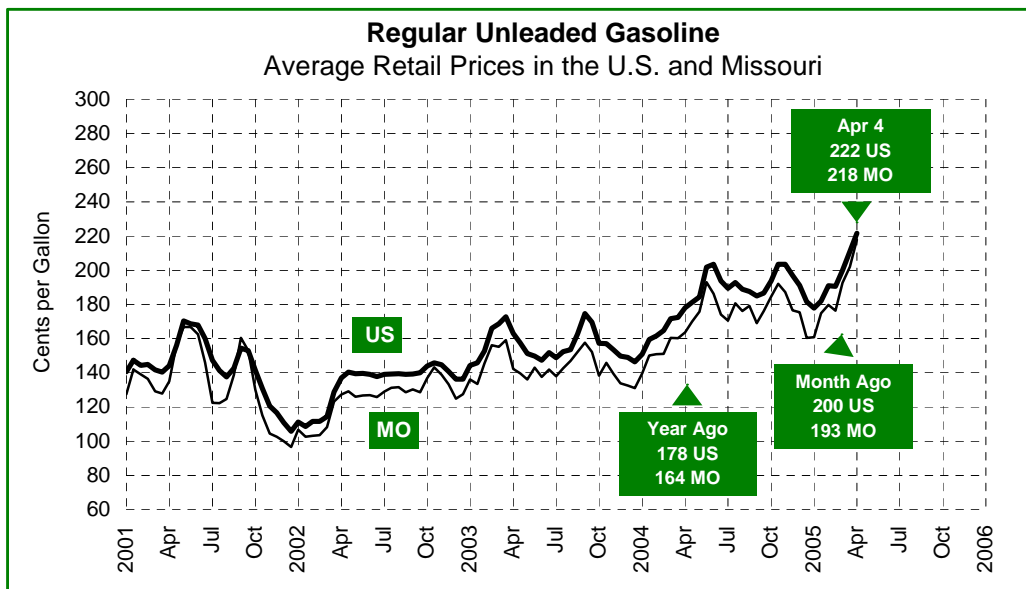
<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>04-04-05</u>	<u>03-07-05</u>	<u>change</u>	<u>04-05-04</u>	<u>change</u>
Missouri	223.8	205.3	up 9%	156.7	up 43%

- On April 4, Missouri's average price was \$2.17, an increase of 54 cents or 33 percent compared to this time last year. Since the beginning of the calendar year, Missouri's average retail price has increased by 56 cents or 34 percent. Most regions in Missouri averaged over \$2 per gallon on March 21 - following higher prices for motor gasoline and crude oil at the NYMEX. The previous record average retail price for Missouri motor gasoline peaked at nearly \$2 per gallon on May 17, 2004. The US average retail price of \$2.21 per gallon on April 4 is the highest average price ever recorded by EIA (not adjusted for inflation).



- U.S. retail diesel fuel prices gained 5.4 cents last week to 230.3 cents per gallon, reaching a new highest price ever recorded (not adjusted for inflation) for the third week in a row. The current Missouri average retail diesel price was \$2.23, an increase of 43 percent from this time last year.

- According to the EIA, U.S. gasoline prices in 2005 are projected to remain high, at an expected average of \$2.28 per gallon for the April to September summer season, 38 cents above last summer. Similarly, high motor gasoline prices are expected through 2006. Monthly average prices are projected to peak at about \$2.35 per gallon in May.



Motor Gasoline - Total Stocks (millions of barrels)					
	04-01-05	03-04-05	change	04-02-04	change
US	212.3	224.3	down 5%	200.1	up 6%

- U.S. gasoline stocks for the week ending April 1 fell 2.1 million barrels from the prior week to 212.3 million barrels but remains in the above the 5-year average range. This is 12.2 million barrels higher than this time last year. U.S. gasoline imports the week ending April 1 were 0.9 million barrels per day compared to 1.2 million barrels per day imported for the same period last year.

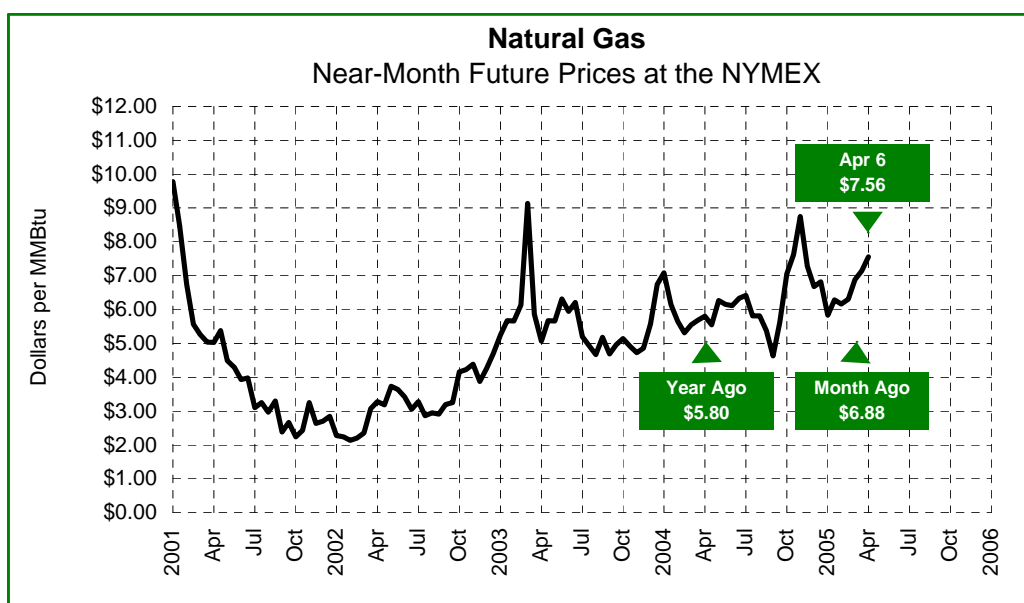
Natural Gas

Approximately 56 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

On April 6, natural gas futures closed at \$7.56 per MMBtu, an increase of \$0.68 since last month and \$1.76 or 30% higher than this time last year.

Natural Gas - Near Month Future Prices (dollars per mmbtu)					
	<u>04-06-05</u>	<u>03-09-05</u>	<u>change</u>	<u>04-05-04</u>	<u>change</u>
NYMEX	\$7.56	\$6.88	up 10%	\$5.80	up 30%

- Despite the close of the traditional heating season on March 31 with relatively high volumes of natural gas remaining in storage and milder temperatures across much of the Lower 48 States, spot and NYMEX prices increased at most market locations.
- During the 2004-2005 heating season, the average spot price at the Henry Hub exceeded levels of the past two heating seasons by 15 to 16 percent. Factors contributing to the recent relatively high prices include flat or declining U.S. natural gas production, limited growth in net imports, high petroleum prices, increasing industrial demand driven by the economic recovery, and expanding stocks of gas-burning equipment in households and electric power generation.
- U.S. working gas in underground storage increased to 1,249 Bcf as of Friday, April 1, according to EIA's Weekly Natural Gas Storage Report. This implies a net injection of 10 Bcf, which is the first this year and is in contrast with the 5-year average withdrawal of 11 Bcf for this week. Storage levels are 22.2 percent above the 5-year average as the traditional heating season ends (March 31).



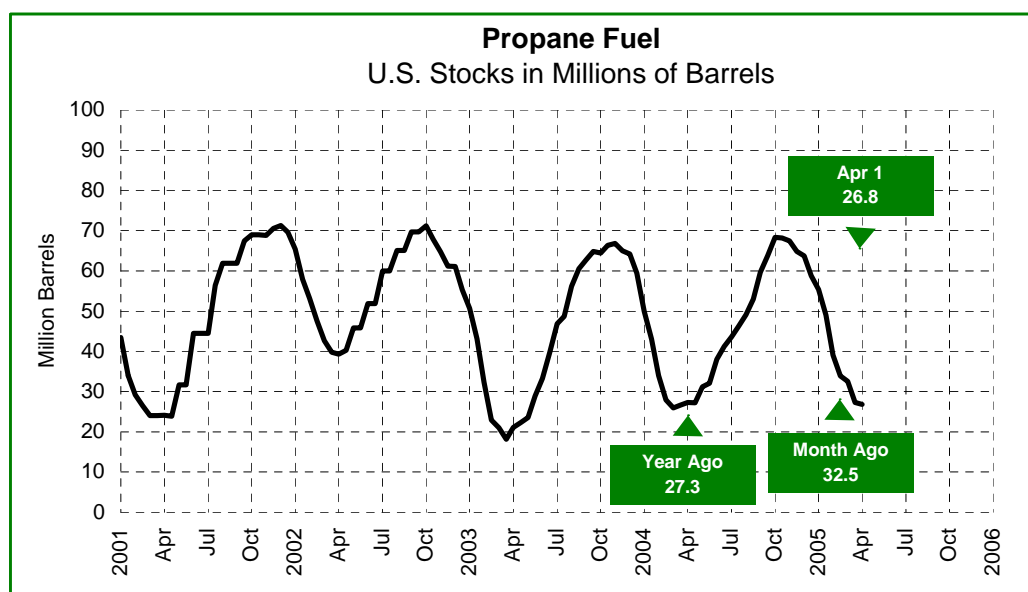
Propane

Approximately 13 percent (293,803) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

Missouri's average retail propane price was \$1.49 per gallon on April 4, up \$0.01 from a month ago and \$0.30 or 25 percent higher than a year ago.

<i>Propane - Residential Prices (cents per gallon)</i>					
	<u>04-04-05</u>	<u>03-07-05</u>	<u>change</u>	<u>04-05-04</u>	<u>change</u>
Missouri	149	148	up 1%	119	up 25%

- Unseasonably cold weather in the major propane-consuming regions in the Midwest and the East Coast along with continued strong petrochemical feedstock demand for propane contributed to the second highest storage withdrawal ever for March, pushing inventories down by 5.7 million barrels during the month to an estimated 26.8 million barrels as of April 1, 2005.
- The strong March storage draw also contributed to the above-average seasonal (October - March) draw on propane inventories that measured 40.4 million barrels, a level well above the most recent 5-year average storage draw of 36.8 million barrels. Although propane inventories ended the 2004-05 heating season about 1.1 million barrels below the same period last year, inventories remain well within the normal range for this period.



The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers.

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